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INTERNATIONAL SECURITY AFFAIRS

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

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Honorable John C. Stennis
United States Senate
Chairman, Committee on Armed Services
Washington, D.C. 20510

Dear Senator Stennis:

During the Senate Armed Services Committee hearings of 7 March we discussed at length the future role of the CIA in providing pay and allowances to the Lao [redacted] irregular forces in Laos. After your letter of 2 September to the President, the funds for pay and allowances of irregular [redacted] in Fiscal Year 1973, were moved from the CIA budget to the DOD budget. However, we planned to transfer these funds back to CIA so that existing procedures, apparatus, and authority for paying could continue to be utilized. You requested alternatives for paying without transferring the funds to CIA. My staff has prepared alternatives. After examining them, I believe none is feasible and I wish to apprise you of the situation.

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Our alternatives are:

- To utilize DOD personnel to continue the disbursing procedures currently used by CIA, or
- To use DOD funds for direct payment to the governments of Laos and Thailand, or
- To use CIA personnel as "agent paymaster" for DOD with no change in current modus operandi, or
- To transfer the funds to State or AID for distribution through Embassy channels.

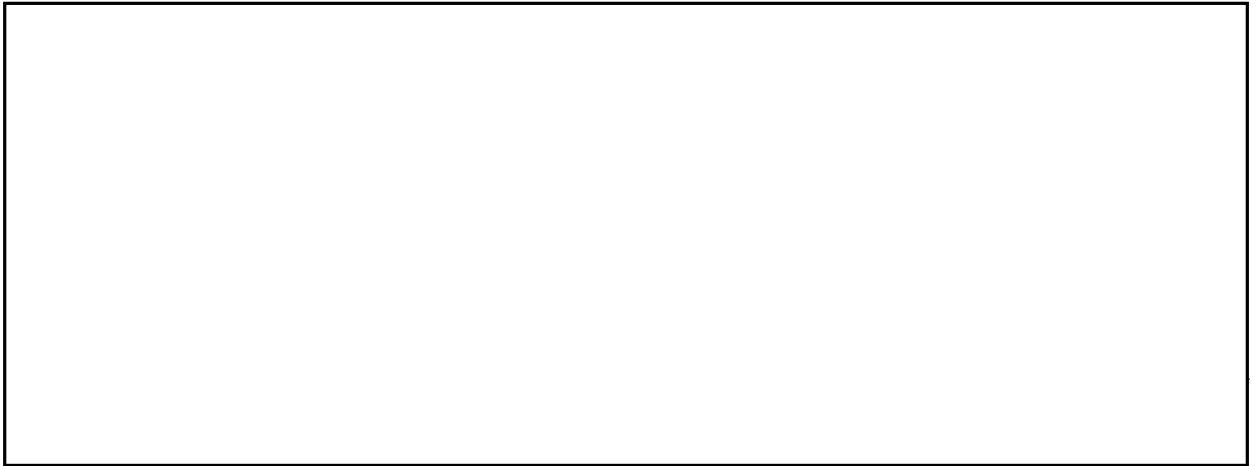
Each of these alternatives has serious liabilities.

In view of the urgency of a response we have not conducted a thorough,

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As you can see we have a dilemma. We can envision alternative arrangements for the payment of irregulars in Laos which are within the law, but none which can be substituted for the existing system with any assurance that it is consistent with the structure and

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the planned method of paying irregulars.

cc: Mr. Irwin
Mr. Holms
Mr. Kissinger

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TRANSMITTAL SLIP		DATE 30 March 1972
TO: <input type="text"/>		
ROOM NO.	BUILDING	
REMARKS:		
<p>FYI -- draft of letter for our concurrence from Hessler received today.</p> <p><i>Warner & I have no problem with this if Billy approves. I have my doubts that [unclear] will sign it, though.</i></p>		
FROM: <input type="text"/>		DD/PFB
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FORM NO. 241
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REPLACES FORM 36-8
WHICH MAY BE USED.

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